

Message Text

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ACTION EA-14

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SCI-06 OMB-01 AID-20 IGA-02 AGR-20 SS-20 H-03 EB-11

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C O N F I D E N T I A L SECTION 1 OF 2 BANGKOK 12233

E.O. 11652: GDS

TAGS: SNAR, EAGR, TH, US

SUBJ: NARCOTICS - POPPY SUBSTITUTION

FOLLOWING TEL SENT ACTION BANGKOK JUL 3 FM CHIANG MAI
RPTD FOR YOUR INFO:

CHIANG MAI 275

E.O. 11652: GDS

TAGS: SNAR, EAGR, TH, US

SUBJECT: NARCOTICS - POPPY SUBSTITUTION

REF: SECSTATE 078215

1. HERewith MY FINAL THOUGHTS ON THE "CROP
SUBSTITUTION" QUESTION. ONE OF THE MAJOR ASPECTS OF THE
STRATEGY OF "STOPPING OPIUM AT THE SOURCE" IS TO INDUCE
THOSE PLANTING POPPIES TO PLANT SOMETHING ELSE. CONGRESS
HAS APPROPRIATED MONEY TOWARD THIS END AND WASHINGTON
CLEARLY EXPECTS A FAIRLY IMMEDIATE AND DIRECT RESULT
FROM EXPENDITURES OF THESE FUNDS. THEY WANT TO ESTABLISH
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A DIRECT RELATIONSHIP BETWEEN THE AMOUNT OF MONEY SPENT

AND NET REDUCTIONS IN POPPY PLANTINGS. TO DATE OUR MAJOR EFFORT HAS BEEN THROUGH THE UNITED NATIONS FUND FOR DRUG ABUSE CONTROL (UNFDAC), WHICH HAS BEEN IN OPERATION FOR ABOUT TWO YEARS. PROSPECTS, HOWEVER, ARE THAT POPPY PRODUCTION WILL INCREASE IN NORTH THAILAND IN THE FORESEEABLE FUTURE. GIVEN THIS AND FACT THAT USG CONSIDERING SOME DIRECT EXPENDITURES, WE BELIEVE IT NECESSARY TO EXAMINE WASHINGTON'S EXPECTATIONS. ARE THEY REALISTIC AND, IF NOT, WHAT SHOULD WE DO ABOUT IT?

2. RECENT DRAMATIC PRICE RISES FOR RAW OPIUM DEMONSTRATE THAT NO RPT NO CROP IS AS ECONOMICALLY ATTRACTIVE AS OPIUM WITHIN CONTEXT OF PRESENT SYSTEM OF AGRICULTURE IN NORTH AND RTG ADMINISTRATIVE CAPABILITIES. RETURNS FROM POPPY PLANTINGS ARE UP TO TEN TIMES BETTER THAN ANY OTHER AVAILABLE CROP, AND THERE ARE NONE AVAILABLE ON LARGE SCALE. THIS WOULD BE OF LITTLE IMPORT WERE RTG WILL (AND CAPABLE) OF ENFORCING EXISTING LAWS AGAINST POPPY GROWING. RTG, HOWEVER, HAS MADE IT VERY CLEAR THAT EVEN IF IT WERE CAPABLE, IT IS NOT RPT NOT WILLING TO CONSIDER MOVES DIRECTLY AGAINST GROWERS UNTIL SATISFACTORY ALTERNATE INCOME SOURCES AVAILABLE. RTG RECOGNIZES THAT OPIUM IS VIRTUALLY SUBSISTENCE CROP FOR LARGE NUMBERS OF HILLTRIBES SINCE IT PAYS FOR BASIC FOOD-STUFFS WHICH THEY PRESENTLY CANNOT RPT NOT GROW. DEPRIVATION OF THIS INCOME WOULD CAUSE SEVERE HARDSHIPS AND MAJOR POLITICAL AND WELFARE PROBLEMS FOR RTG WHICH IT NOT RPT NOT PREPARED TO FACE AT THIS TIME.

3. THUS, A VICIOUS CIRCLE: WITHIN CONTEXT OF PRESENT AGRICULTURAL SYSTEM HILLTRIBES WILL CONTINUE TO PLANT CROP WHICH MOST EFFICIENTLY PROVIDES FOR THEIR SUBSISTENCE AND RTG WILL NOT RPT NOT MOVE AGAINST THEM UNTIL MORE EFFICIENT METHOD OF SUBSISTENCE IS FOUND AND OBVIOUSLY THAT METHOD WILL NOT RPT NOT BE THE PLANTING OF ANOTHER, LESS LUCRATIVE CROP. AS THE EMBASSY RECOGNIZED IN 4774 WHEN IT SPOKE OF TRANSFORMING THE SOCIO/ECONOMIC ENVIRONMENT IN THE NORTH, THE WHOLE SYSTEM OF WHICH POPPY GROWING IS AN INTEGRAL PART NEEDS TO BE CHANGED BEFORE WE CAN REALISTICALLY EXPECT TO SEE A SITUATION WHERE RTG

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CAN DEVELOP CAPABILITY AND MOTIVATION TO BEGIN EFFECTIVE ENFORCEMENT AGAINST GROWERS WITHOUT PERCEIVING UNACCEPTABLE POLITICAL COSTS.

4. SAYING THIS, HOWEVER, CHANGES WHOLE NATURE OF DIALOGUE: WE NOW BEGIN TALKING ABOUT LONG TERM, EXPENSIVE DEVELOPMENT PROGRAMS. WE CAN SEE THAT "CROP SUBSTITUTION" IS AN INTELLECTUALLY INADEQUATE CONCEPT FROM WHICH TO

CONSIDER THE REDUCTION OF POPPY PLANTING, SINCE IT ATTEMPTS IMPOSSIBLE TASK OF CONSIDERING POPPY GROWING IN ISOLATION. IF ONLY A FEW VILLAGERS GREW POPPIES FOR SUPPLEMENTAL INCOME, THEN "CROP SUBSTITUTION" WOULD BE AN ADEQUATE CONCEPT. HOWEVER, POPPY GROWING IS AN INTEGRAL PART OF A TOTAL SYSTEM WHICH IN ITS SOCIO/ECONOMIC IMPACT IS A LIFE AND DEATH MATTER FOR TENS OF THOUSANDS OF PEOPLE OVER A RELATIVELY LARGE PIECE OF TERRITORY.

5. EFFORTS BY UNFDAC, FAO, US AND RTG AGENCIES HAVE ONLY BEGUN TO ILLUMINATE MAGNITUDE OF EFFORT THAT WOULD BE REQUIRED TO BRING ABOUT SUCH A SYSTEMIC CHANGE AND AT THIS STAGE WE CAN ONLY GIVE BROAD OUTLINES. DR. FISHER SAID THAT AN ADEQUATE SYSTEMIC APPROACH IN TURKEY WOULD HAVE COST \$400,000,000 SPENT OVER FIVE TO TEN YEARS. THERE IS LITTLE REASON TO BELIEVE COSTS IN THAILAND WOULD BE LESS AND SOME REASON TO BELIEVE THEY WOULD BE MORE. FOR INSTANCE, TURKEY WITH PER CAPITA INCOME TWICE THAILAND'S, HAS BETTER BASIC INFRASTRUCTURE AND TURKS DO HAVE CAPABILITY, WHICH THAILAND LACKS, OF ENFORCING GROWING BAN. IN OTHER WORDS, TURKS HAVE OPTION OF RESPONDING TO INTERNATIONAL POLITICAL PRESSURES BY ACCEPTING DOMESTIC POLITICAL COSTS OF ENFORCING BAN; THAI DO NOT RPT NOT EVEN HAVE THIS CAPABILITY.

6. AS MISSION AWARE, SYSTEMIC CHANGE IN NORTH THAILAND WOULD HAVE TO BE BASED ON REFORESTATION, WATERSHED REHABILITATION, AND STABILIZED UPLAND AGRICULTURE. (SINCE WATERSHEDS DO HAVE DIRECT AND SIGNIFICANT EFFECT ON LOWLAND RICE-GROWING, IT COULD BE POLITICALLY FEASIBLE TO MAKE THESE LARGE EXPENDITURES IN HILLS AS PART OF REGION-WIDE DEVELOPMENT EFFORT GIVEN PROPER PUBLIC PREPARATION). GARRY OUGHTON HAS MADE ROUGH CALCULATION THAT A COMPREHENSIVE EFFORT SUFFICIENTLY INTENSIVE TO ENSURE OPIUM GROWING RELINQUISHED IN ANY GIVEN WATERSHED

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SHOULD COST ABOUT FIVE TO TEN DOLLARS PER ACRE/PER YEAR FOR TEN YEARS. THESE FIGURES ARE ROUGH BUT THEY ARE CONSISTENT WITH MAE SA PROJECTS AND FISHER'S ESTIMATES. APPLYING THEM TO WATERSHEDS WHICH MAKE UP THAILAND'S MAJOR POPPY AREAS, WE GET RANGE OF FIGURES OF BETWEEN 60 AND 120 MILLION PER YEAR FOR NEXT TEN YEARS.

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INFO OCT-01 ISO-00 DEAE-00 CIAE-00 INR-11 IO-14 JUSE-00

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C O N F I D E N T I A L SECTION 2 OF 2 BANGKOK 12233

7. WE MUST ALSO RECOGNIZE THAT THERE ARE NO RPT NO GUARANTEES THAT SUCH AN EFFORT WOULD ACTUALLY RESULT IN SIGNIFICANTLY LESS POPPY PRODUCTION . A DEVELOPMENT EFFORT OF THIS MAGNITUDE WOULD REQUIRE IMPLANTATION AND MAINTAINANCE OF MAJOR ADMINISTRATIVE STRUCTURE IN HILLS AND THIS COULD SUPPORT MORE EFFECTIVE ENFORCEMENT. HOWEVER, MANY HILL AREAS WOULD STILL REMAIN REMOTE, POPPY PLANTINGS COULD BE SCATTERED, WITH SOME JUST ACROSS THE BORDER IN BURMA, AND IMPROVED AGRICULTURAL PRACTICES THAT WOULD COME WITH A GENERAL DEVELOPMENT EFFORT COULD LEAD TO MUCH HIGHER YIELDS PER POPPY PLANT. THE TEMPTATION TO EXPLOIT THESE FACTORS WOULD BE GREAT WERE OPIUM PRICES TO CEMAIN HIGH.

8. IF ABOVE APPRECIATION CORRECT, WHAT IS SIGNIFICANCE OF PRESENT AND PROPOSED US "CROP SUBSTITUTION" EFFORTS FUNDED BY NARCOTICS MONEY? THESE PROGRAMS ARE CAPABLE OF MAKING A SUBSTANTIAL CONTRIBUTION TO MAJOR DEVELOPMENT EFFORT OUTLINED ABOVE. FOR INSTANCE, DATA FROM PHOTO-SURVEY IMPERATIVE FOR PLANNING PURPOSES, AND IN FIVE TO TEN YEARS RESULT OF NEW UPLAND RESEARCH STATION COULD BEGIN TO MAKE CONSISTENT CONTRIBUTION TO EFFORTS TO STABILIZE
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UPLAND AGRICULTURE. OUR PROGRAMS, (AND OTHERS) HOWEVER, AS PRESENTLY CONCEIVED WILL NOT RPT NOT IN AND OF THEMSELVES BRING ABOUT ANY NET REDUCTION IN POPPY PLANTINGS. THEIR

POTENTIAL WILL ONLY BE REALIZED IF OTHER, VERY LARGE, NEW EXPENDITURES NOT RPT NOT NOW IN PROCESS ARE MADE. IF WASHINGTON UNDERSTANDS THIS, THEN WE HAVE NO PROBLEM. IF, HOWEVER, WASHINGTON EXPECTS US TO SAY THAT FOR "X" DOLLARS WE BROUGHT ABOUT A NET REDUCTION OF "Y" IN POPPY PRODUCTION, THEN WE ARE IN FOR SOME DIFFICULT DAYS. REFTEL WHICH TRANSMITTED CONGRESSIONAL REQUEST FOR JUST SUCH ACCOUNTING WAS NOT RPT NOT ENCOURAGING.

9. GIVEN ABOVE, BASIC QUESTION APPEARS TO BE: IS CONCERN OF AMERICAN BODY-POLITIC OVER DRUG ABUSE IN U.S. SUCH THAT IT WOULD APPROVE MORE THAN TEN-FOLD INCREASE IN NARCOTICS FUNDING FOR THAILAND TO SUPPORT MAJOR ECONOMIC DEVELOPMENT PROGRAM?? WOULD IT CONSENT TO SEE FUNDS IN EXCESS OF FY-74 WORLD WIDE TOTAL SPENT IN THAILAND ALONE?? WOULD IT MOVE BEYOND INADEQUATE AND UNREALISTIC "DOLLAR FOR POPPY-POD" APPROACH AND ACCEPT FISCAL BURDENS, LONG-TERM COMMITMENT OF MORE RATIONAL BUT STILL HIGHLY PROBLEMATIC APPROACH?? WHILE WE CAN NEVER BE SURE UNTIL WE ASK, ANSWER TO THESE QUESTIONS IS PROBABLY "NO". CONCERN OVER NARCOTICS PER SE IS JUST NOT RPT NOT STRONG ENOUGH TO SUPPORT SUCH PROGRAM. (THERE ARE A NUMBER OF GOOD REASONS BEYOND NARCOTICS TO SUPPORT INTEGRATED DEVELOPMENT IN NORTH WHICH PERTAIN TO FACT THAT NORTH IS WATER TANK FOR YUU PHYA BASIN AND MUST BE KEPT IN GOOD ORDER IF THAILAND TO REMAIN MAJOR FOOD EXPORTER FOR REST OF CENTURY. THESE REASONS, HOWEVER, HAVE NOTHING TO DO WITH THE MOTIVATIONS WHICH LED CONGRESS TO APPROPRIATE 42 MILLION DOLLARS OF NARCOTICS MONEY LAST FISCAL YEAR).

10 UNWILLINGNESS, HOWEVER, TO ACCEPT THE RISKS AND COSTS OF A REALISTIC APPROACH DOES NOT RPT NOT MEAN WASHINGTON AUTHORITIES WILL LET US OFF LIGHTLY IF WE DO NOT RPT NOT PRODUCE RESULTS ON THEIR CURRENT, UNREALISTIC TERMS. THEREFORE, WE MUST CONTINUE AND EXPAND EDUCATIONAL EFFORT WITH WASHINGTON. MISSION HAS ALREADY MADE START IN GETTING WASHINGTON TO UNDERSTAND JUST HOW LONG "CROP SUBSTITUTION" COULD TAKE. CONFIDENTIAL

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RECOMMEND MISSION NOW EXPAND DIALOGUE AND LEAD WASHINGTON TO UNDERSTAND JUST HOW MUCH IT WOULD COST TO START THE CLOCK RUNNING ON THIS EFFORT. MONTGOMERY WINSHIP

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